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OCT 02 2001

GAMBLING COMMISSION
DIRECTOR'S OFFICE

2503 6th Avenue
Tacoma, WA 98406
253-274-1032

September 28, 2001

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

Re: Amendment to WAC 230-02-205 Gambling service supplier defined

Dear Commissioners McLaughlin, Orr, Forrest, Ludwig and Parker:

Submitted for your review is the enclosed rule change petition to amend WAC 230-02-205. The requested change would allow Gambling Service Supplier licensees to utilize gambling equipment deemed "professional" as instructional tools in the conduction of educational casino gaming seminars to the public.

There is currently no RCW or WAC that specifically addresses this issue. In fact WAC 230-02-205 in its current form has caused uncertainty and confusion. Until recently, Gambling Commission officers and officials have led me to believe that the Gambling Service Supplier definitions encompassed the idea of educating the public utilizing professional equipment. In fact I was sent an application for the Gambling Service Supplier license after several consultations with WSGC officials during which I detailed my intended use. However, The Attorney General's office recently concluded that the Service Supplier definitions do not encompass the idea of conducting educational seminars to the public utilizing gambling equipment. Additionally, as of this date, I have received no written statement or explanation of the Attorney General's conclusions.

There is nothing in either the Gambling Act or the Commission's regulations that precludes or discourages educational instruction to the general public of well known, well documented, and in many cases, scientifically tested, basic strategies aimed at improving an individual's capability of sensibly playing casino games. The issue here is whether a gambling device deemed "professional" may be used in such endeavors by licensed entities.

Current rules and regulations provide support and foundation for this proposal. WAC 230-02-163 states: "Educational means providing instruction or training to individuals for the purpose of improving or developing their capabilities, or providing instruction to the public on subjects useful to individuals and beneficial to the community".

Although the gambling industry makes great effort in educating its patrons on all of the betting options available to them, it falls well short of what their patrons actually need; Merely knowing what your betting options are does not constitute understanding.

The gambling industry in Washington State, and indeed the entire nation, has experienced phenomenal growth over the past decade. This growth has been fueled primarily by a public which is generally unaware of the underlying complexities and mathematics of seemingly simple games of chance.

The stated policy of the Gambling Act is to "keep the criminal element out of gambling and to promote the social welfare of the people", and to "safeguard the public". (RCW 9.46.0 10.) This proposed amendment fully embrace's the spirit and intent of that policy.

Authorizing the means to educate the public concerning the realities, potential pitfalls of casino gaming, and how to effectively play these games should they choose to, would be a definite benefit to our community, and would shed a positive light on the State, the Gambling Commission and the gambling industry.

The focus of any specific gambling regulation is to protect the public health, safety, and welfare. The Commission is well aware of, and rightfully concerned about, the impact the gambling industry has had, and will continue to have on our communities. This proposed amendment presents an opportunity for the Commission to lessen the possible negative impacts of the gambling industry on our communities through education and instruction. Therefore, the Commission should allow licensed Gambling Service Supplier entities the ability to use professional gambling equipment for the educational instruction of the general public.

I would be happy to answer any questions you may have. Thank you for your time and consideration of this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "William M. Kirtland". The signature is fluid and cursive, with a large, stylized initial "W".

William M. Kirtland



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL
OF A STATE ADMINISTRATIVE RULE (RCW 34.05330)

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT)		TELEPHONE NUMBER (INCLUDE AREA CODE)	
William M. Kirtland		(253) 274-1032	
STREET ADDRESS	PO BOX NUMBER	CITY	STATE ZIP CODE
2503 6 th AVENUE		TACOMA	WA 98406
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN		If unknown, call (360) 753-7470 for mailing information	

Please submit completed and signed form to the "Rules Coordinator" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ 1. NEW: I am requesting that a new WAC be developed

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

☒ 2. AMEND: I am requesting a change to existing WAC 230-02-205

☐ 3. REPEAL: I am requesting existing WAC - - be removed.

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☒ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☐ Other (please explain):

PETITIONER'S SIGNATURE

William M. Kirtland

DATE

9-27-01

WAC 230-02-205 GAMBLING SERVICE SUPPLIER DEFINED

A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

- (a) Providing consulting or advisory services regarding gambling activities;
- (b) Providing gambling related management services;
- (c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated ~~commercial lending institution shall not be deemed as providing gambling related~~ services.
- (d) Providing any other service or activity where influence may be exerted over any activity licensed by the commission;
- (e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer: ~~or~~
- (f) Training individuals to conduct authorized gambling activities;

(g) Providing educational and or instructional classes or seminars pertaininn to authorized gambling activities to the public.

(2) The term "gambling services supplier" does not include the following:

- (a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities.
- (b) Licensed manufacturers or distributors who service and repair pull tab dispensing devices, bingo equipment or any authorized gambling equipment;
- (c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and
- (d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined gross billings from such services does not exceed twenty thousand dollars during any calendar year.




STATE OF WASHINGTON
GAMBLING COMMISSION

P.O. Box 42400 • Olympia, Washington 98504-2400 • (360) 438-7654 • TDD (360) 438-7638 • FAX (360) 438-7503

November 5, 2001

TO: COMMISSIONERS
George Orr, Chair
Curtis Ludwig, Vice Chair
Elizabeth McLaughlin
Judge Marshall Forrest (Ret.)
Alan Parker

EX OFFICIO MEMBERS
Senator Margarita Prentice
Senator Shirley Winsley
Representative Alex Wood
Representative Jim Clements

FROM: Rick Day, Executive Director 

SUBJECT: Petition to Amend WAC 230-02-205
Gambling Service Supplier Defined
Filed by William M. Kirtland, Player's Edge

This petition, tiled by Mr. William Kirtland, owner of the Player's Edge Company, seeks to amend WAC 230-02-205, the regulation that defines gambling service suppliers. The petitioner requests that the regulation defining gambling service suppliers be amended to include individuals "Providing educational, and or instructional classes or seminars pertaining to authorized gambling activities to the public."

Staff has analyzed the petition and offers the following for your consideration as you discuss the petition.

History

Mr. Kirtland, the petitioner, is the owner of a store that sells gambling related books, videos, and accessories. He has developed a business plan that includes teaching the public how to play craps on a craps table. He was advised that, without being licensed by the Commission, he could not possess a craps table, which is a gambling device (RCW 9.46.0241). He was also advised that there was no applicable license that he could obtain under current rules that would allow for him to possess such gambling equipment.

Possession of Gambling Equipment

The agency has consistently taken the position that possession of equipment like a craps table or roulette table is in violation of the statute (RCW 9.46.0241 "Gambling Device" ...(3) any device, mechanism, furniture, fixture, construction or installation primarily for use in connection with professional gambling).

This position is based in part on an informal opinion, requested from the attorney general's office in 1984. The facts surrounding that request for an opinion were as follows:

Ludlow Foundation had purchased some blackjack tables from a licensed distributor that was going out of business. Ludlow Foundation was licensed to conduct bingo but did not possess a license to conduct activities where blackjack could be played. Ludlow Foundation installed the tables, with felt and chips, as countertops for various sales areas. At the same time a furniture store in Fife was offering glass covered craps tables for sale as coffee tables. The agency requested an informal opinion from the AG regarding whether the tables, although no longer configured and used for gambling purposes, constituted gambling devices. The answer was yes and Ludlow Foundation and the furniture store were instructed to dispose of the devices or they would be confiscated.

Since that time, the agency has remained fairly firm about the possession of gambling devices. Approximately 2 years ago special agents from our special investigations unit seized a craps table from a private party offering it for sale. The device was seized under the provisions of RCW 9.46.215 and 23 1. Based on that informal opinion, the statute has historically been broadly interpreted by the Commission with regard to what constitutes possession of a gambling device.

Licensure as a Service Supplier

The Commission issues a number of licenses that would allow for possession of a gambling device. However, none seem applicable to the circumstance of The Player's Edge. The following licenses allow for possession of a craps table: Fund Raising Event (non-profit only); Distributor or Manufacturer, neither of which is applicable; and Gambling Service Supplier. Gambling Service Suppliers may possess gambling devices to conduct training of individuals to conduct authorized gambling activities. The gambling service supplier rule allows for dealer schools, where dealers are trained on how to deal cards. There is no current provision for licensure of businesses to teach players. Actually, there may be a question pertaining to the Commission's authority under the statute to create a license of this type which does not have a direct connection to an otherwise licensed gambling activity. Discussion with the Commission's assigned assistant attorney general might provide greater clarity regarding this question.

Regulatory Issues

Assuming that the Commission does have the authority under the statute to authorize and license such an activity, there are several potential regulatory impacts should the proposed rule be adopted. The field operations division generally does not conduct inspections on service suppliers. Instead agents inspect the non-profit or commercial stimulant licensees. However, if this rule change is implemented, the following regulatory impacts might occur:

- . This rule could allow non-business entities (not tied to a specific location) to possess gambling equipment. These individuals, after obtaining a service supplier license, could legally possess the equipment in their homes creating widespread possession of

equipment and making it difficult to regulate what the equipment is being used for. This could create legal issues if and when agents need to charge an individual using the equipment illegally.

- . The Commission should consider a requirement that all equipment have a WSGC identification stamp attached. The agency would issue the stamps and field operations special agents would need to inspect the equipment to ensure the stamps are attached.
- There is nothing to stop a business from moving the location of their seminars. This will make it difficult for us to properly regulate the location of the equipment.
- . It is more difficult to prove equipment is being used illegally than it is to prove the equipment is illegally possessed. Adopting this rule might weaken criminal cases.
- . It may require our agency to license people who conduct seminars on cheating or other topics if they are teaching those topics to the public.
- . House-banked licensees who conduct classes on the games they offer in their licensed establishments might need to obtain a separate service supplier license.
- If the licensee goes out of business there are concerns as to how we track the possession and disposition of the associated equipment.

Policy Issues and Considerations

Currently, the Commission allows for dealer schools, where dealers are trained on how to deal cards. This rule petition expands training to the general public and is focused on playing a particular game, rather than how to deal for a game. If the petitioner is allowed to become a gambling service supplier and use professional gambling equipment for the training, some may view this as the Commission “encouraging” gambling. However, an argument can also be made that the Commission is not encouraging gambling, but simply encouraging patrons who gamble to at least understand a game (craps in this instance) if they choose to play it.

Only tribes and licensed fund raising events, gambling service suppliers, manufacturers and distributors can possess craps tables. House-banked card rooms, for example, aren’t authorized to offer this game. Because of these restrictions, it is fairly easy to identify where professional gambling tables are located. Allowing the petitioner to possess the equipment expands the locations that can do so.

Creating a rule that allows the petitioner to teach the public how to play craps will likely open the door to other such requests. It is easy to envision others seeking licensure to teach the public how to play blackjack, roulette, and other games. The locations could range from small stores, like Mr. Kirtland’s, to malls. Again, this may be viewed as the Commission encouraging gambling, rather than regulating it.

Staff will be available to answer your questions at the Commission meeting on November 14 and 15 in Tacoma.



STATE OF WASHINGTON

GAMBLING COMMISSION

P.O. Box 42400 • Olympia, Washington 98504-2400 • (360) 486-3440 • TDD (360) 486-3637 • FAX (360) 486-3625

October 24, 2001

Mr. William Kirtland
Player's Edge
2503 6th Avenue
Tacoma, WA 98406

SUBJECT: PETITION FOR RULE CHANGE

Dear Mr. Kirtland:

We have received your Petition for Rule Change dated September 27, 2001. In your petition, you requested that WAC 230-02-205 be amended to include, under the definition of a gambling service supplier, persons which provide educational gambling seminars to the public.

Your Petition will be Up for Discussion and Possible Filing at the November Commission meeting. You are encouraged to attend the meeting to address the Commission directly regarding your proposed rule amendment. The meeting will be held:

November 15, 2001, at 9:30 a.m.
Sheraton Tacoma Hotel
1320 Broadway Plaza
Tacoma, WA 98402
(253) 572-3200

If you have any questions, please feel free to call me at 1-800-345-2529, extension 3466.

Sincerely,

A handwritten signature in cursive script that reads "Susan Arland".

Susan Arland
Rules Coordinator and Public Information Officer
Communications and Legal Department





STATE OF WASHINGTON

GAMBLING COMMISSION

P.O. Box 42400 • Olympia, Washington 98504-2400 • (360) 486-3440 • 1-800-345-2529 • FAX (360) 486-3623

October 1, 2001

Mr. William Kirtland, Owner
The Player's Edge
2503 6th Avenue
Tacoma, WA 98406

Dear Mr. Kirtland:

Thank you for your letter outlining your questions and concerns regarding the use of a craps table for instructional purposes in your retail store, The Player's Edge. It is our understanding that you only possess the craps table and do not possess any other professional gambling equipment, and that you have voluntarily chosen to inquire into the legality of the table. We appreciate your desire to cooperate with our agency during the implementation of your business.

Our agency has reviewed the downloaded photos and the instruction manual you provided of the "craps table kit" you purchased. It is our understanding, that you are currently using this craps table in your store to teach players how to play craps. The table is being used only for training purposes and there is no money exchanged and no gambling being conducted.

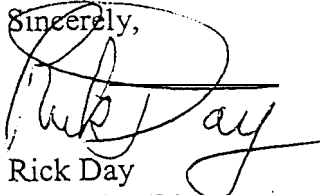
Although the craps table is not being used for gambling, it is our agency's opinion that this table is professional gambling equipment. A table is considered gambling equipment if it is manufactured exclusively for gaming purposes, as defined under WAC 230-02-412. While we understand you are not using this table for gambling purposes, it is our opinion that this table is designed, manufactured, and intended for use for gaming purposes. As a result, this table may only be possessed by individuals who are licensed to possess gambling equipment

Because you are not licensed to possess gambling equipment, you are prohibited from selling or possessing this craps table in Washington. In addition, you do not qualify for a license at your location. We will allow you to ship the craps table out of Washington State if you do so within seven (7) days of receiving this letter. You must provide proof to our Tacoma Field Office (located at 4301 Pine Street, #307), that you have removed the table. A copy of the shipping receipt should be sufficient. If you do not remove this table it will be subject to seizure, pursuant to RCW 9.46.23 1.

Mr. Kirtland
October 1, 2001
Page 2 of 2

Again, we appreciate your desire to comply with state law and commission rules. If you have any questions or concerns regarding this letter, please contact Sonja Dolson in our Tacoma office at (253) 471-5312 ext. 235.

Sincerely,



Rick Day
Executive Director

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SEP 06 2001

GAMBLING COMMISSION
COMM & LEGAL DEPT

3 September, 2001

From: William M. Kirtland, Owner,
The Player's Edge
2503 6th Avenue
Tacoma WA 98406
(253) 274-1032

To: WSGC, c/o Amy Patjens
Washington State Gambling Commission
P.O. Box 42400
Olympia WA 98504-2400

Ladies and Gentlemen.

This letter is in response to concern of an issue I have raised regarding the use of a craps table for instructional purposes in my retail store. Realizing that the State has not been confronted with this issue in the past, I will explain the concepts of my business ideas, and the reasoning behind those concepts.

I would like to first state that I have made every effort to cooperate with the WSGC. In fact I approached them **when my business plan was in an embryonic stage. Without** getting into cumbersome detail in this letter, here is a brief synopsis of events:

- 1) I was told I could not be a "Service Supplier". It was not my intention to be.
- 2) I was told I could not have a craps table without a license. I asked why couldn't I have a license? Answer: I do not know.
- 3) I was told I could have a craps table *if* it was "home made".
- 4) I was sent a license application to be a "Service Supplier".
- 5) I supplied copies of downloaded photos of a craps table "kit", and inquired as to the definition of "home made".
- 6) **I questioned how the criteria of "Service Supplier" applied to me.**
- 7) I have yet to receive some kind of definitive answer on nearly all issues I have asked about.

As you can see, responses from the WSGC have been confusing. While the staff at the Tacoma Field Office have been friendly, my dealings with them have been frustrating because of the lack of answers.

My store, The Player's Edge, which is now in its third week of operation, was conceived when I was trying to locate a particular book title pertaining to the game of craps. After searching unsuccessfully at every major bookstore in Tacoma, I realized there was a very limited selection of titles pertaining to casino gaming. Some research on the WSGC's website detailed the tremendous growth and popularity of the gambling industry in this State, and it became apparent that there was a market for a specialty retail store aimed at the casino gaming public.

From my own experience, I know that casino games including blackjack, craps, and roulette are far more complex than they appear on the surface. While not a frequent gambler myself, when I did play, I usually lost due to my ignorance of basic strategies and the mathematics behind the games.

In particular, the game of craps is a game I wanted to play for years, but was intimidated **by**. The layout seemed complex, the terminology foreign, and the game seemed to move at a lightning pace. I would watch on occasion, but would not play for fear of looking foolish. I have since discovered that I was not alone in how I viewed the game, MANY people would like to try it, but are totally intimidated by it. Response I have received for the mere possibility of craps seminars has been tremendous, and most people acknowledge the intimidation factor when expressing interest.

What I want to do is provide people with a pressure free- risk free environment in which to learn how to play casino games. When people leave my Basic Craps seminar they will have a solid foundation of knowledge to play the game of craps in an intelligent manner. They will understand the layout of the table, the terminology used, the combinations of dice, the odds of a particular number showing, and the vigorish of the various bets. They will understand the pros and cons of various betting methods such as Pass Line and Come betting, Don't Pass and Don't Come, Place betting, and betting in the Proposition Box. They will also learn money management techniques and the importance of discipline.

A large part of my seminar concept is that at the end of the teaching phase of the seminar, people will be allowed the chance to practice what they just learned, on a table, actually placing chips, and rolling dice for one turn around the table. This is to enable participants to actually experience through the mechanics of a game what it is like to play the game of craps with no *monetary* risk *whatsoever*. I wish I had had the opportunity to learn the game in such an environment, instead of losing several thousand dollars learning the hard way. I'm sure there are untold thousands out there that wish the same thing.

Of course, some would argue that many casinos offer instruction for how to play their games, but the casinos are not in the business of teaching people how to play with discipline. When was the last time anyone heard of a casino preaching money management to its patrons? Or win goals and loss limits?

Of course I realize that the "black and white" issue here is whether a particular table is a gaming device or not and how it is to be regulated. Let me make clear that I am not opposed to being regulated or licensed. But I would like to point out that this is also an educational issue. It should be evident by the prolific growth of the gambling industry in the State of Washington and elsewhere, that the majority of casino patrons do not know what they are getting into when they plunk down their hard earned money. There is a casino in this State that advertises that its slots pay out over two million dollars every day. What they don't mention is that they probably took in a 150 thousand-dollar profit on slots that same day. People need to be educated, and in my observation, want to be educated.

Several individuals associated with the Gambling Commission have told me that the State has not encountered anyone with my proposals before, and therefore does not have a box that I fit in. I ask that the State try to think outside the box. My business proposals are merely a natural market reaction to the realities of our community, and the Players Edge trying to provide a service which has become sorely needed.

In summary, I understand the position that the state is in. I know that regulation of gambling devices is a serious business. That is why I approached the WSGC in the first place, before I opened my doors. I want to ensure that I am in compliance with the laws of the State.

I appreciate your consideration of this matter. It is my sincere hope and desire that a favorable solution can be found for all parties concerned.

There is a sign posted at the entrance to my store that reads:

"All casino games are structured to guarantee the house a favorable advantage. But despair not. Ahead you will learn of its antidote. The Player's Edge".

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Kirtland', with a stylized, flowing script.

William M. Kirtland

Owner, The Player's Edge